



Pepco

2006 Load Reduction Options

April 26, 2006

2006 Load Reduction Topics

- Changing PJM Demand Response Market Summary
- Overview of Emergency Load Response and Economic Energy Reduction Options
- Voluntary Load Reduction
- Questions & Answers

Emergency Load Response Option

- Entirely voluntary
- Only when PJM requests emergency reductions
- June through September
- Non-holiday weekdays between 9 a.m. and 5 p.m.
- Minimum 2 hour reduction period
- Notification by phone/e-mail

Emergency Load Response Option (cont'd.)

- Reduction based on kWh energy use for last full hour before emergency
- Payment the greater of \$0.50 per kWh or Pepco Zonal LMP if higher
- Pepco pays 70% to participant, retains 30% for administration
- November payment

Economic Energy Reduction Option

- Entirely voluntary
- Customers served under Hourly Priced Service or LMP-based contracts not eligible
- Reduce when Pepco Zonal LMP reaches \$250 per MWH
- June through September
- Non-holiday weekdays between 9 a.m. and 5 p.m.
- Notification from Pepco by phone/e-mail
- Minimum 4 hour reduction period

Economic Energy Reduction (cont'd.)

- Reduction based on hourly kWh energy use for 5 weekdays before energy reduction
- Payment per kWh based on hourly Pepco Zonal LMPs during reduction period
- Pepco pays 70% to participant, retains 30% for administration
- November payment

Economic Energy Reduction Example

- Pepco Zonal LMPs reach \$250 at 11:00 a.m.
- Pepco notification at 11:20 a.m.

Calculation of Customer Baseline Energy Use

<u>Hour Ended</u>	<u>Wed. July 13</u>	<u>Tues. July 12</u>	<u>Mon. July 11</u>	<u>Fri. July 8</u>	<u>Thurs. July 7</u>	<u>Avg.= CBL</u>
1 p.m.	1300	1350	1400	1300	1300	1330
2 p.m.	1400	1500	1500	1700	1600	1540
3 p.m.	1500	1600	1700	1400	1500	1540
4 p.m.	1600	1300	1400	1500	1400	1440

Emergency Load Response Example

Hour

<u>Hour Ended</u>	<u>Event Energy Use</u>	<u>Baseline Usage (1 p.m.)</u>	<u>Energy Use Drop</u>	<u>Pepco Zonal LMP</u>	<u>Energy Credit (70%)</u>
1 p.m.	1500	1500	n/a	\$0.55	n/a
2 p.m.	1200	1500	300	\$0.60	\$126.00
3 p.m.	1100	1500	400	\$0.65	\$182.00
4 p.m.	1100	1500	400	\$0.60	\$168.00
5 p.m.	1000	1500	500	\$0.50	\$175.00
Total	n/a	n/a	n/a	n/a	\$651.00

Economic Energy Reduction Example (cont'd.)

Hour Hour <u>Ended</u>	<u>CBL</u>	<u>July 14 Usage</u>	<u>Energy Reduced</u>	<u>Pepco Zonal LMP</u>	<u>Energy Credit (70%)</u>
1 p.m.	1330	1230	100	\$0.35	\$24.50
2 p.m.	1540	1000	540	\$0.40	\$151.20
3 p.m.	1540	1000	540	\$0.45	\$170.10
4 p.m.	1440	940	500	\$0.41	\$143.50
Total	n/a	n/a	n/a	n/a	\$489.30

Enrollment Process

- Entirely voluntary
- Choose one program
- Provide enrollment information to Pepco
- Pepco review
- Submission to PJM
- Pepco notifies participant of approval
- Can switch programs but must submit new application & await Pepco notification of new program approval

Enrollment Process (cont'd.)

- Enrollment information
 - ✓ Account name, address and #
 - ✓ Contact information
 - ✓ Energy supplier
 - ✓ Program preference
 - ✓ Estimated hourly load reduction
 - ✓ Reduction method
 - ✓ Time required to reduce
 - ✓ Required permits for generators